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C O N F I D E N T I A L SECTION 01 OF 07 BEIJING 001840

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SUBJECT: ZHEJIANG PARTY SECRETARY TOUTS ECONOMIC SUCCESSES
AND WORK TOWARDS RULE OF LAW AT AMBASSADOR'S DINNER
REF: A. BEIJING 1672
B. BEIJING 1760

Classified By: AMBASSADOR CLARK T. RANDT, JR., REASONS 1.4 B AND D.

1. (C) Summary. Zhejiang Province Communist Party Secretary Xi Jinping, a contender to succeed President Hu Jintao in 2012/2013, describes Zhejiang Is a National Economic Leader

2. (C) At a March 11 dinner hosted by the Ambassador at his residence, Zhejiang Party Secretary Xi Jinping responded to a series of questions

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3. (C) In their search for money-making opportunities and wealth preservation strategies, Xi continued, many rich Chinese cannot find proper SIPDIS roles in the SED as it moves forward. Xi added that he hopes the United States Congress will show enough patience to allow Secretary Pau SIPDIS problems.

4. (C) Secretary Xi proudly and easily rolled off numerous BEIJING 00001840 002 OF 007 Zhejiang provincial economic data. Provincial GDP increased 13.6 percent in 2006, with per capita GDP now USD 4,000 -- well, USD 3,975 to be ex

5. (C) Zhejiang gets to keep about half of the fiscal revenue collected in the province, with about half sent to the Central Government. In 20 Dismissive of Overheating Concerns

6. (C) The Ambassador asked whether Central Government officials are concerned about possible economic overheating in Zhejiang. Secretary Xi r Shouldering Burdens of Central and Western China

7. (C) Another issue about which Zhejiang officials are very concerned is the gap in income and economic development levels between the wealth An Important Destination for Migrant Workers

8. (C) Zhejiang makes two other important contributions to the national economy. First, Zhejiang hosts China's second largest population of mi BEIJING 00001840 003 OF 007 locale are counted as residents. Furthermore, in the large number of migrant workers seeking work in Zhejiang are a great many who come to this An Important Contributor to Economic Development Elsewhere

9. (C) The other important economic contribution by Zhejiang is the role of 4.4 million businesspersons from Zhejiang are working outside the

10. (C) Nearly all other provinces have sent delegations to Zhejiang to study the province's experience and success. In recent days, delegatic Income Gap and Urbanization Rate

11. (C) The Ambassador inquired about income disparities within Zhejiang Province. Zhejiang has the second lowest provincial urban/rural incom

12. (C) Zhejiang has maintained these remarkable results because it is an economy of the grassroots -- the common people choose their own deve Hearing from the Grassroots Level

13. (C) The Ambassador asked how provincial party and government officials hear from the citizenry and what are the BEIJING 00001840 004 OF 007 most frequent concerns or complaints directed to Zhejiang officials. Secretary Xi said provincial officials have many sources of information, n Concerns about Education, Housing and Health Care Common

14. (C) Zhejiang residents are most concerned about three basic issues: education, affordable housing, and health care, Secretary Xi said. The Officials' Work Styles Another Common Concern

15. (C) Another area in which dissatisfaction has been expressed regards the working style of government and party officials, Xi added. We wil Crime and Wastefulness, Too

16. (C) Secretary Xi briefly mentioned crime and government waste as other topics of public complaint. He did not elaborate any further on cri Expectations for This National People's Congress Session

17. (C) Shanghai Consul General Jarrett, noting the important role of the private sector in the Zhejiang economy, asked Secretary Xi about the BEIJING 00001840 005 OF 007 People's Congress and expected passage of a Property Law. Is there any dissent against the proposed law in Zhejiang? What will the law mean for

18. (C) Another measure to be passed in this NPC session will unify corporate taxation rates for foreign-invested enterprises and domestic ent Rule of Law in Zhejiang Province

19. (C) The Ambassador asked for Secretary Xi's views on the development and implementation of rule of law in Zhejiang. Xi replied that the Pe Xi's 2006 Visit to the United States

20. (C) The Ambassador asked Secretary Xi for details of his May 2006 visit to the United States and whether he had had opportunity to exchang

21. (C) The May 2006 trip had proven fruitful for Zhejiang, Secretary Xi continued, with several important contracts

SIPDIS signed that only more recently or even in the near future will be implemented. Among those agreements is one involving Federal Express, BEIJING 00001840 006 OF 007
be in order. The Ambassador thanked Xi for his support to Motorola for that company's production plans in Hangzhou. Motorola is doing well in E

A WWII Hollywood Movie Aficionado

122. (C) The Ambassador also asked Secretary Xi about his recent movie viewing, recalling that Xi had told him in their meeting one year ago th

123. (C) America is a powerful nation in terms of culture because Americans say what they should say, Xi elaborated. Too many Chinese moviemake

124. (C) Many Chinese had died in the Anti-Japanese War (as WWII is most often referred to in Mainland China). The last one to two decades have

Comment

125. (C) Secretary Xi, regarded by many Embassy contacts to be one of the three leading contenders to succeed President Hu Jintao in 2012/2013
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perhaps inevitable for an official with the strong ambitions he reportedly holds. The other two leading contenders to succeed President Hu are